

# PSC Consumer Connection



*Informed Consumers, Quality Utility Services, and a Dedicated Organization for Missourians in the 21st Century*

Issue 16 - October 2005

A quarterly publication of the Missouri Public Service Commission  
Public Information & Education Department

## Higher Natural Gas Bills This Winter



Current natural gas market prices are higher than they have ever been for this time of the year and consumers should be aware that these prices will have a significant impact on natural gas bills this winter.

The wholesale market price of natural gas is currently over \$13 an Mcf. If these market prices hold and Missouri experiences a normal winter, it is very possible that the average consumer will see a five month winter bill of over \$1,000 before taxes. That same bill last year was a little over \$700. The PSC Staff has indicated that Missourians are likely to face natural gas bills that could be 50% higher or more than last winter. This continues a trend of significant increases in natural gas costs to heat homes since the 2001-2002 winter.

There are a number of reasons for these high natural gas prices. Some of those reasons include:

- A tight balance between supply and demand.
- Above average temperatures this summer. The continued hot weather increased the demand for natural gas-fired generators to serve air-conditioning load.
- High crude oil prices.
- Recent hurricanes.

The Missouri Public Service Commission does not control the price that wholesale suppliers charge local natural gas companies for natural gas. Those prices are determined in an open, competition-based market which reacts to many different issues including supply, demand and the weather.

## PSC Opens Case To Review Natural Gas Purchasing Practices

Concerned over high wholesale natural gas prices and the effect that those prices will have on Missourians this winter, the Missouri Public Service Commission recently opened a case to receive detailed information from local natural gas companies on what they have done and are doing to mitigate price spikes and stabilize their wholesale natural gas prices.

The Commission believes the ratepaying public faces a winter season of unprecedented natural gas prices. "While the factors causing these prices may be outside of the control of the gas utilities, it is nonetheless more important than ever that the LDCs (Local Distribution Company) pursue gas acquisition strategies that will ameliorate price spikes," the Commission said.

At this time, there is no allegation of imprudence by any Missouri local natural gas distribution company.

This case will give the Commission the opportunity to review and evaluate the instruments available to Missouri's utilities to hedge. In addition, the Commission will have the opportunity to review and consider the costs of the different hedging vehicles available to Missouri's utilities such as storage, fixed price contracts, call options, futures contracts and other financial instruments.

---

### THE ODOR

Natural gas itself does not have an odor -- an odorant has been added so gas can be detected if a leak occurs. The odor is similar to the smell of "rotten eggs."

---

## Facts About Natural Gas Pricing

The Missouri Public Service Commission has the authority to review how natural gas utilities purchase their gas. The Commission is very limited in what it is authorized to do when natural gas prices go up. Wholesale natural gas prices are determined in an open, competition-based market. The Commission **does not** regulate the price of wholesale natural gas which is sold to the local natural gas company who provides you with the service.



## MAINTAINING PAYMENT AGREEMENTS UNDER THE COLD WEATHER RULE

It is critical for registered low-income elderly or disabled customers to maintain Cold Weather Rule (CWR) payments in order to ensure their accounts remain current or caught up by November 1 of the next CWR period. If the account is considered to be in default status, and the consumer requests a new CWR agreement, the utility can require the customer to pay 80% of the account balance before establishing a new CWR agreement, unless the customer and the utility agree to a different amount.

Registered low-income elderly or disabled customers unable to pay the agreed amount should contact their utilities and request a payment arrangement or request that their levelized payment amount (budget billing) be adjusted to include the current account balance. These steps will help avoid disconnection of service.

## 'REGISTERED CUSTOMERS' AND OTHER FACTS

- "Low-income registered elderly or disabled customer" means a customer registered under provisions established by this rule that require: 1) household income less than 150% of the federal poverty guidelines; 2) a signed affidavit attesting to that household income on file with the utility.
- The utility may periodically audit the incomes of low-income registered elderly or disabled customers to determine if they misrepresented their income levels.
- Service may be discontinued if the audit results show violations. The customer would be required to pay all amounts due. In addition, a deposit may be required before service is reconnected.
- The Cold Weather Rule is in effect from November 1 through March 31 each year.

## GETTING READY FOR THE HEATING SEASON

Consumers should be prepared in the event they have to pay higher natural gas heating bills this winter. Natural gas prices are at record levels for this time of year. These high gas prices will affect winter heating bills because companies will have to pay more for natural gas, including natural gas put into storage to help meet the winter demand.

## Take Steps NOW To Get Ready For Winter

Examine ways to cut down on energy usage. Contact your utility company for home energy audits and suggestions to make homes and businesses more energy efficient. Have the furnace checked and tuned-up, if needed. Replace filters each month if they are dirty.

Identify safe measures to keep homes and businesses energy efficient. Caulk and place weatherstripping on doors and windows that leak air. Add attic insulation if necessary. Contact your utility company, some customers may be eligible for weatherization assistance.

Consumers may want to talk to their local utility company about a "budget" or "level" billing plan. These plans allow customers to pay equal monthly payments on their accounts. In addition, many Missouri gas and electric companies have other programs to assist their customers. In most cases, companies will attempt to be somewhat flexible with customers to avoid disconnections.

Since 1977, the Public Service Commission has required heat-related utility companies to adhere to its Cold Weather Rule, which requires utilities to help customers maintain heat-related service during the winter under certain circumstances. Utilities and the PSC can also provide information on financial assistance programs available to consumers.

### IF YOU SMELL NATURAL GAS:

- Evacuate the building immediately.
- Do not operate electrical switches.
- Do not smoke, use lighters, matches or any other open flame.
- Do not start your vehicle if it is in an attached garage.

**For printed materials** regarding a number of consumer issues or copies of this newsletter, please call 573-751-7491 or email [joyce.neuner@psc.mo.gov](mailto:joyce.neuner@psc.mo.gov)



**Who to Contact:** Missouri Public Service Commission  
Consumer Hotline **1-800-392-4211**  
or email: [pscinfo@psc.mo.gov](mailto:pscinfo@psc.mo.gov)

**Mail your inquiry or complaint to:**  
Missouri Public Service Commission  
Consumer Services Department  
P.O. Box 360  
Jefferson City, MO 65102